

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD PUBLIC HEARINGS FOR THE PROPOSED FY' 2008-2009 COUNTY BUDGET ON MONDAY, APRIL 21ST, 2008 @ 7:00 P.M. AND THE PROPOSED TAX LEVY ON MONDAY, APRIL 21ST, 2008 AT 7:30 P.M., IN THE BENJAMIN FRANKLIN MIDDLE SCHOOL EAST AUDITORIUM.

THERE WERE PRESENT: Charles Wagner, Chairman
Wayne Angell, Vice-Chairman
Leland Mitchell
David Hurt
David Cundiff
Russ Johnson
Bobby Thompson

OTHERS PRESENT: Richard E. Huff, II, County Administrator
Larry Moore, Asst. County Administrator
Christopher L. Whitlow, Asst. County Administrator
Sharon K. Tudor, CMC, Clerk

Chairman Charles Wagner called the meeting to order.

Richard E. Huff, II, County Administrator, presented a handout of the proposed budget for fiscal year 2008-2009 as follows:

Budget Public Hearing

- **2 separate public hearings required by state statute**
 1. 2008-2009 County Budget
 2. A Hearing to Set the Tax Levies
- **Revenue picture is very soft**
 1. Sales tax collections down **7%**
 2. State budget cuts **\$347,000**
 3. **\$700,000** available for all needs next year
- **Increased costs in housing prisoners is mandated for us to address**
 1. Jail built in **1937** and certified to hold **49 prisoners**
 2. Currently are responsible for approximately **4 times that many (210)**
 3. Increased cost **\$500,000**
- **Social Services / Comprehensive Services Act**
 1. Mandated by the courts
 2. **20%** increase project - **\$234,490 in local dollars**
- **Operating expenses for fuel**
 1. **\$440,000** in total budget
- **Open new Branch Library at Westlake in July**
 1. **\$250,000**
- **8 new FT positions planned in School Budget and no new locally funded FT positions in non-school budget (LG) beyond staffing for Library already committed to**
- **Focus will be on operations, but debt service comes first "off top" –Windy Gap \$1,000,000 total annually**
- **Open access to SML Park & swimming beach**
- **Capital Challenges Include Mandated Landfill Improvements, Public Safety Equipment, School Roofs, Parking Lots, etc.**
- **Schools**
 1. Requested **\$7.1 million local** new dollars **(26%)**
 2. State – **\$3.3 million** new money projected
- 3. **Recommended**
 - Additional Debt Service - **\$331,281**
 - Capital for Windy Gap - **\$248,846**
 - Additional Operating – **\$2,000,000**
 - Maintain **\$1.1 million** in new capital projects
 - **64%** of total County budget
 - **TOTAL ADDITIONS IN NEW MONEY RECOMMENDED FOR SCHOOLS-\$ 6,756,762 WHICH IS A 9% OVERALL INCREASE**

4. **Important to Note:** The County has for many years funded the Schools by lump sum appropriation and the spending priorities are then set by the elected School Board. No individual programs are financially influenced by the Board of Supervisors in this scenario. FY09 appropriation to the Schools is advertised at \$ 81,661,311

• **Funding Recommendation**

- 1. Lower tax rate from **53¢ to 47¢/\$100.00** – Equalized Rate for Reassessment- **37¢**
- 2. Increase Personal Property from **\$1.67 to \$1.89/\$100.00**
- 3. All other rates to remain the same

**SYNOPSIS OF THE PROPOSED BUDGET FOR FISCAL YEAR
2008-2009**

<u>Expenditure Function</u>	<u>Proposed Expenditures</u>	<u>Percent of Budget</u>
General and Financial Administration	\$4,504,295	3.5%
Judicial System	2,538,314	2.0%
Public Safety	11,441,413	9.0%
Public Works	2,491,289	2.0%
Health and Welfare	11,013,718	8.6%
Schools	81,661,311	64.1%
Recreation and Cultural	1,825,909	1.4%
Community Development	3,031,860	2.4%
Debt Service	1,180,855	0.7%
Non-Departmental	860,000	0.7%
Capital Outlay	6,048,975	0.9%
Utilities	888,000	4.7%
Sub-Total	127,485,939	100.0%
Transfers Between Funds	38,987,613	
Total	\$166,473,552	

<u>Revenue Function</u>	<u>Estimated Revenues</u>	<u>Percent of Budget</u>
County Funds	\$58,711,345	46.1%
State Funds – County	15,786,120	12.4%
State School Funds	42,416,516	33.3%
Federal School Funds	6,328,763	5.0%
Local School Funds	2,843,896	2.2%
Capital Fund and Utilities	205,000	0.2%
Federal Revenues (County), Fund Balance	1,194,299	0.8%
Sub-Total	127,485,939	100.0%
Transfers Between Funds	38,987,613	
Total	\$166,473,552	

THE CHAIRMAN OPENED THE PUBLIC HEARING.

THE FOLLOWING PEOPLE SPOKE REGARDING THE PROPOSED BUDGET:

Jon Morris, Executive Director, STEP, Inc., stated “I know Franklin County has many pressing needs, and do not think for one second that STEP’s request was more important than anyone else’s. But I can’t think of one good reason why we shouldn’t receive this funding.”

- 1. It’s an investment. Franklin County’s contribution of \$60,000 to STEP will allow us to leverage other funding sources. HUD and DHCD would be two sources that could leverage potentially \$100,000 annually to provide services and housing for Franklin County residents.
- 2. Our total request is only .00047% of the overall County budget.
- 3. The poverty rate for Franklin County is 10.9% and there are many more that are above that rate that struggle. Rising fuel and food costs are crippling many families.
- 4. STEP provides a lot of economic impact to Franklin County. STEP saves Franklin County more than \$200,000 in actual money every year.

5. The County Comprehensive plan states as Objective 25.0 to “Provide temporary housing to meet the needs of the citizens of Franklin County.” The strategy to carry this out, adopted by the Board, reads that Franklin County will, “Continue to support the provision of assistance in obtaining temporary shelter to displaced families and homeless individuals.
6. STEP will build the house, find the resources to pay for it, and provide comprehensive and holistic services to place homeless residents in permanent housing.
7. STEP only received \$15,000 last year from Franklin County while two other nonprofits received \$60,000. We serve more than 1500 people every year, more working families are requiring our services, and we need your help. I’m not asking for any more than those other non-profits receive, but I know we don’t deserve any less.
8. We’ve been your Community Action Agency since 1966. We are regularly recognized as one of the top performing Community Action Agencies in Virginia. I’m asking you to recognize that and support our homeless program. Every time the County asks us for assistance, we are eager to help. I’m begging you to be there for us at this time.
9. The sign that we see when we enter Franklin County says that it’s a “Natural Setting for Opportunity.” That opportunity should be extended to everyone, especially those who live in poverty.

At the end of our lives, we will not be judged by how many diplomas we have received, how much money we have made, or how many great things we have done. We will be judged by "I was hungry and you gave me to eat." "I was naked and you clothed me." "I was homeless and you took me in." Mother Theresa

Lee Ann Worley, President, Franklin County Educational Association “Good Evening and thank you for the opportunity to speak to you tonight, I am Leanne Worley President of the Franklin County Education Association. Each year, when this hearing is held to take public comments regarding the proposed county budget it brings a mixed feeling of appreciation for the strides we have made and the benefits of our wonderful community coupled with the challenges of what we still need in Franklin County – many of you know this feeling very well. The FCEA comes to you tonight with realistic expectations while also being dedicated to presenting facts that illustrate the clear and growing needs of our school division. We greatly appreciate the Board of Supervisors’ support for building a new elementary school to alleviate overcrowding as well as your recommendation of using new local funds allocated in your proposed budget to improve salaries and health insurance coverage for school employees. These are major areas of need and must be addressed in the short term just to attempt to maintain our current rankings in the region for pay and benefits. Currently our employer contribution for health coverage is the lowest in our region of competition as is our teacher pay for the first 7 years of service. However, comparative data illustrates a dire need for funding in other areas as well – including instructional spending and staffing.

According to the VEA’s June 2007 Disparities Report, Franklin County ranks as the 35th largest school division in the Commonwealth out of 132 divisions total. Yet when one looks at where we rank in per pupil spending for instruction we rank an appalling 106th out of 132 – spending an average of \$6,086 per pupil. To put this in perspective, our neighbors in Salem rank 31st spending an average of \$7,308 per pupil, Roanoke City ranks 33rd, Botetourt ranks 66th and Roanoke County ranks 68th – again, we rank 106th. What makes this even more disturbing is that instructional costs include more than just classroom teaching positions and instructional materials – it also encompasses certain extracurricular programs, coaching stipends and a myriad of other costs. If that money were not factored in I dare say our rank could be even lower than 106th.

This data directly correlates to student teacher ratio – in which Franklin County ranks an abysmal 109th with an average of 78 teachers per 1,000 students. More clearly, when compared to Halifax County who ranks 22nd in student teacher ratio with 99 teachers per 1,000 students – one sees that Franklin County does the same job with 20 fewer teachers per 1,000 students. What is even more astonishing is that in the last two years we have slipped in rank in these areas – two years ago we ranked 104th in per pupil spending on instruction, now its 106th and we ranked 106th in student teacher ratio and now its 109th.

Yet, despite the lack of adequate staffing and funding our student achievement rates most often exceed those of neighboring counties, we are often cited as an out performing school division and

many of our schools have received both state and national recognition for being top schools. So what is the secret to our success?

First of all, we have wonderful students who come to us with common sense and an appreciation for learning that is often instilled in them by their parents and guardians. This gives us a great starting point; however, there has to be more – especially, considering the fact that the statistics regarding our county’s socio-economic status predicts that our students should not be achieving at the levels they are. So, what could it be that helps us overcome the odds that are stacked against us? In addition to our top-notch students, it is the hard working employees of this school division - our support professionals: bus drivers, cafeteria workers, secretaries, nurses, security officers and teacher assistants who do not even earn a living wage and as a result often work 2 or 3 other jobs just to provide for their own families. It is the dedicated, professional teaching and administrative staff that put in long hours to ensure that our students are getting what it takes to prepare them for their adult lives.

For years, the FCEA and others attuned to our budget rankings have stated that we get “big bang for our bucks” in Franklin County. However, I personally fear that at some point we will no longer be able to make the strides we do against these great odds - in large part due to the fact that we are losing our seasoned staff to other jobs or other school divisions. Over the last few years we have lost many of our support staff because they can no longer afford to work in the schools with rising insurance and deductible costs and disturbingly low, stagnant wages. Some of our support staff could make more per hour working for a fast food chain than they do working for the school system – that is just wrong and as a county we should do something about it. Those who are on the front lines of personnel know that each year we lose more and more of our teaching and administrative staff to neighboring counties that pay more and offer better benefits. These are the people who possess the skills in the classroom that enable our students achieve despite the odds. If we do not retain the quality faculty we have – who will guide the new teachers and share with them the secrets of our success. In addition, it is also concerning that a large number of our new teachers will decide within their first five years to leave education altogether to pursue better paying, less stressful jobs in the private sector.

So, how do we thwart this impending downward turn – because rest assured, unless something changes in this county, it will happen. First, we must lower class sizes by improving our student teacher ratio – this means we have to have the money to hire more teachers and build the schools and classrooms needed to alleviate overcrowding. We must provide better benefits and stop wage stagnation, if we do not, we will continue to lose our seasoned staff. We must live up to salary promises made to those who have worked for almost a decade at the lowest pay in the region because they have been assured that the scale they were shown provides a competitive career earning due to its design allowing one to reach the top sooner. If we continue to add steps – we will have no competitive edge – the most recent scale expansions have extended the number of years it takes to get to the top by 38% and has only proven to dull what little competitive edge we have at the 15 and years of experience benchmarks. The key to all of this is funding and the data is clear in a county that ranks 43rd in ability to pay but 106th in actual effort – Franklin County has great need for continued improvement.

We, the FCEA, thank you for your time and we look forward to continuing to work with you to help our community and its leadership see the great achievements as well as the serious needs of our school system. We appreciate the recent meetings held by local officials like the one set up by Mr. Jamison and Mr. Thompson in the Blue Ridge District. Such meetings are attended by concerned citizens and the resulting dialogue can bring about the understanding necessary to move us forward during challenging times. There will always be differences and even some misconceptions among the citizenry; however, these community discussions are key to bringing about understanding and solutions for Franklin County and that will serve to benefit all of us. Thank you.”

Bruce Dugan, speaking for himself and his wife, stated he was very disappointed to see the Building Inspection fees were on a projected deficit revenue scale. Mr. Dugan stated he was disappointed to see the current Board not implementing revised fees until July 1, 2008 rather than immediate which meant the tax payers will have to subsidize the department and it is wrong. Mr. Dugan urged the Board to explore other opportunities within the County for operational needs on a revenue neutral basis rather than relying on the tax payer.

Jim Baldwin, Director, Brain Injury Services of SW Virginia, thanked the Board for their support and would appreciate additional funding if possible.

Shirley Wilburn of Callaway, stated she was on a set income and her taxed increased 9%. Mrs. Wilburn expressed her concern on a line needed to be drawn for spending and wondered why we were not maintaining what we have. Ms. Wilburn stated she felt like some of the projects could have waited.

Jim Wood of the Boone District, shared with the Board, a lot of people are on fixed incomes and are worried about keeping their jobs. Mr. Wood reaffirmed his concern regarding the recent reassessment. Mr. Wood urged the Board to please sharpen their pencils and cut expenses.

William Broaddus, advised the Board he moved to Smith Mountain Lake on February 20, 1974 and bought their current home. Mr. Broaddus stated it seems the nicer we make and keep our house the further Franklin County puts its hand out and he wondered why???? Mr. Broaddus gave a scenario from 1976 to 2036 on possible taxes due on his property should the tax rate continue to climb as it has in the past.

Lonnie Hines, County resident, stated he certainly agrees with the gentleman who previously addressed the Board and something has to be done with the tax rate increases it is outrageous. Mr. Hines stated he and his wife have certainly contributed to the community, with some 2,000 volunteer hours and it looks like to him, Franklin County doesn't want him here anymore. Mr. Hines stated his reassessment has increased 1500%. Mr. Hines wanted to spend the remaining years of his life in Franklin County, however, he did not think he would be able to spend his last years here due the rising taxes. Mr. Hines reiterated people are living on a fixed income and others will have to leave, also.

Kathy Ferguson, County resident, stated we all live on a budget and urged the Board to use conservative common sense when voting for the budget.

Al Nelson, County resident, affirmed to the Board that teacher salaries are pathetic and they have to be paid enough to live here. Concerned with the Lake residents paying more taxes.

Andrew Cundiff, County resident, urged the Board to take a hard look at the taxes structure in Franklin County. Mr. Cundiff offered the Board his property for what it has recently been assessed.

Don Hogg of the Union Hall district, thanked the Board for the opportunity to speak. Mr. Hogg stated our children are our future and we have to do more for them. Mr. Hogg stated he believed in conservatism and to live within your means.

Sam Toler of Callaway stated our taxes are too high and asked "Where is the money going"? Mr. Toler stated there is more people and more money, so where is going? Mr. Toler affirmed to cut projects because something is wrong here.

Patrick Lawrence of Ferrum said he would like to work and get a 9% pay increase as recently indicated for teacher raises. He stated he had never received that much of an increase in his pay raises in his working career.

David Young of the Rocky Mount district inquired as to why the County continues to pay for outside businesses to relocate to Franklin County and still continues to increase the taxes for the businesses already in the County. Mr. Jones felt it was time to draw the line, cut projects and slow down the spending.

No one further spoke and the public hearing was closed.

Chairman Wagner recessed the meeting for the previously advertised public hearing on the proposed FY 2008-2009 Tax Levies and Proposed Real Estate Tax Increase as follows:

COUNTY OF FRANKLIN
PUBLIC NOTICE
HEARING ON SETTING OF TAX LEVIES

In accordance with Sections 15.2-1427 & 15.2507, of the Code of Virginia, as amended, notice is hereby given that the Franklin County Board of Supervisors will conduct a public hearing on ***Monday, April 21st, 2008***, at approximately ***7:30 P. M.*** in the Benjamin Franklin Middle School East Auditorium in Rocky Mount, Virginia.

**A HEARING TO SET TAX LEVIES FOR THE FOLLOWING
CLASSES OF PROPERTY:**

1. Setting a tax levy of \$.47/\$100 of assessed value on real estate, public service corporation property, and mobile homes; pursuant to the authority of 58.1-3200, 58.1-3201, 58.1-3202, 58.1-3203, 58.1-3205 of the Code of Virginia, as amended.
2. Setting a tax levy of \$1.89/\$100 of assessed value on personal property, pursuant to the authority of 58.1-3500, 58.1-3501, 58.1-3502, 58.1-3503, 58.1-3506 of the Code of Virginia, as amended.
3. Setting a tax levy of \$0.60/\$100 assessed value on machinery and tools based on original cost and declining depreciation over a 7-year period. By the seventh year of depreciation, the effective rate is \$0.27 per \$100 assessed value. This rate is levied pursuant to the authority of 58.1-3507(B) of the Code of Virginia, as amended.
4. Setting a tax levy of \$1.08/\$100 of assessed value on merchants' capital, pursuant to the authority of 58.1-3507, 58.1-3508, 58.1-3509, and 58.1-3510 of the Code of Virginia, as amended.
5. Interest at an annual rate of ten percent (10%) per annum shall be charged on any unpaid taxes commencing the first day of the first month following the due date of the unpaid taxes.
6. Setting the Personal Property Tax Relief percentage at 53.26%.

**NOTICE OF PUBLIC HEARING
NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE**

A. Franklin County proposes to increase property tax levies.

1. **Assessment Increase:** Total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by 43.86%.
2. **Lowered Rate Necessary to Offset Increased Assessment:** The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be \$0.37 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
3. **Effective Rate Increase:** Franklin County proposes to adopt a tax rate of \$0.47 per \$100 of assessed value. The difference between the lowered tax rate and the proposed rate would be \$0.10 per \$100, or 27%. This difference will be known as the "effective tax rate increase."
4. **Proposed Total Budget Increase:** Based on the proposed real property tax rate and changes in other revenues, the total budget of Franklin County will exceed last year's by 9%.

Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.

The Chairman opened the public hearing.

Nancy Atkins advised the Board most of us have a budget. Mrs. Atkins stated her taxes have gone up 77%. She urged the Board to adjust the rate at \$.40/\$100. Mrs. Atkins stated a lot of neighbors are going to move because they cannot afford these increases.

Robert Bryan of the Gills Creek District addressed the Board with concerns with recent reassessments costs and stated they were too high. Mr. Bryan said Franklin County could back out of the reassessment just like Bath County did.

Homer Blatten stated his property's reassessment went up 231%. Mr. Blatten asked the Board what they were doing with the money and 80% of the money was coming from the Gills Creek

District. Mr. Blatten stated the Board needed to go back and pull out the “I Wants” and “I Needs” and re-evaluate.

Don Hogg of Union Hall explained his understanding of fair market value.

Larry Norman, Deer Creek resident expressed concern of tax assessments and the economy.

Hank Barbour of Union Hall requested the Board to please lower the tax rate and bring it back down to \$.37/\$100.

Judy Caldwell of Union Hall stated she could not afford the taxes in Franklin County. She asked the Board to please think of the older and disabled citizens when setting the property taxes.

William Broaddus, asked the Board “What is the true fair market value”?

No one else spoke and the public hearing was closed.

Chairman Wagner adjourned the meeting.

CHARLES WAGNER
CHAIRMAN

RICHARD E. HUFF, II
COUNTY ADMINISTRATOR